

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

IO-13 ACDA-07 SSM-03 /100 W
----- 079682

R 211240Z AUG 76

FM AMEMBASSY CAIRO

TO /SECSTATE WASHDC 6273

INFO AMEMBASSY JIDDA

AMEMBASSY ABUDHABI

AMEMBASSY KUWAIT

AMEMBASSY DOHA

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E.O. 11652: N/A

TAGS:EFIN EAID EG XE

SUBJ: ACCORD BETWEEN EGYPT AND FOUR ARAB STATES ON
FINANCIAL ASSISTANCE EXPECTED AUGUST 21

REF: CAIRO 11178

1. PRESS REPORTED AUGUST 21 EXPECTED SIGNING LATER IN
DAY OF ACCORD BETWEEN EGYPT AND GULF ORGANIZATION FOR DEVELOP-
MENT OF EGYPT (GODE) COMPOSED, OF SAUDI ARABIA,
KUWAIT, U.A.E. AND QATAR. ACCORD REPORTEDLY WILL SET UP
GENERAL EXECUTIVE STATUTES REGULATING DEALINGS BETWEEN
EGYPT AND GODE. NO FINAL FIGURE FOR GODE ASSISTANCE MEN-
TIONED. STATUTES ARE TO REGULATE (A) FINANCING OF PROJECTS
LISTED IN EGYPT'S DEVELOPMENT PLAN, AND TERMS OF SUCH
FINANCING, B) RIGHTS AND IMMUNITIES OF GODE AND ITS PER-
SONNEL, AND C) MANNER IN WHICH DISPUTES WILL BE SETTLED.
ALSO, ACCORDING TO PRESS REPORTS ACCORD WILL ESTABLISH
GODE'S OPERATION UNDER BOARD OF GOVERNORS FORMED

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OF REPRESENTATIVES FROM FOUR FOUNDING ARAB GOVERN-

MENTS, AND BOARD OF DIRECTORS COMPOSED OF FINANCE
MINISTERS OF FOUR PARTICIPATING STATES. GODE OFFICE
TO BE SET UP IN CAIRO TO ACT AS LIAISON WITH
GODE HEADQUARTERS IN RIYADH.

2. AL-AHRAM GOES ON TO LIST EGYPT'S MAIN HOPES AND
REQUIREMENTS FROM GODE AS FOLLOWS: (A) OFTEN QUOTED
NEED FOR \$12,000 MILLION TO MAKE UP GAP IN \$20,000
MILLION 1967-1980 DEVELOPMENT PLAN, B) NEED TO COVER THE
BALANCE OF PAYMENTS SHORTAGE WHICH WILL BE LE 506 MILLION
IN 1976 (THIS IS FIRST PUBLIC STATEMENT ON PRO-
JECTED 1976 DEFICIT) , C) GODE SHOULD EXTEND LOANS AT
TERMS WHICH ARE EARLIER THAN THOSE OBTAINED FROM OTHER
GOVERNMENTS, AND D) EGYPT SHOULD BE REPRESENTED ON
GODE BOARD PERMANENTLY.

3. INTERESTINGLY, PRESS REPORTS ALSO NOTE THAT
ONCE ACCORD IS SIGNED, MINISTERS OF FINANCE ARE EX-
PECTED TO MEET TO DISCUSS QUOTE REVISION OF BASIC
PRINCIPLES OF ACCORD UNQUOTE IN LIGHT OF WHAT WAS SAID TO
BE AGREEMENT REACHED BETWEEN PRESIDENT SADAT AND KING KHALID IN
MEETING IN RIYDAH AUGUST 18. THERE ARE NO INDICATIONS
WHAT REPORTED SADAT/KHALID AGREEMENT INCLUDES IN THIS
CONNECTION.

4. IN ITS EDITORIAL, AL-AHRAM IS CRITICAL OF
GODE'S STAND TOWARD EGYPT.
IT MAY BE SAID, AL-AHRAM NOTES, THAT EGYPT'S DEFICIT
IS CAUSED BY HER MILITARY EXPENDITURES AND THAT
EGYPT COULD SOLVE HER PROBLEMS BY REDUCING THESE EX-
PENDITURES. EGYPT IS ACTUALLY FORCED TO INCREASE MIL-
TARY SPENDING IN DEFENSE OF ENTIRE ARAB NATION.
WEAKNESS OF EGYPTIAN ARMY MEANS WEAKNESS FOR ARAB
NATION. EDITORIAL CONTINUES THAT THERE APPEARS BE GREAT
DIFFERENCE BETWEEN EGYPT'S ATTITUDE TOWARD ARAB COUN-
TRIES AND ARAB COUNTRIES ATTITUDE TOWARD EGYPT.
AL-AHRAM CONCLUDES OMINOUSLY THAT ECONOMIC STABILITY
IN EGYPT IS EQUAL TO POLITICAL STABILITY AND POLITICAL
STABILITY IN EGYPT IS EQUAL TO POLITICAL STABILITY
IN ENTIRE ARAB WORLD.
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5. COMMENT. DESPITE FACT THAT AGREEMENT WITH GODE
SEEMINGLY WILL BE SIGNED TODAY, PRESS CLEARLY INDI-
CATES THAT EGYPT HAS NOT BEEN SUCCESSFUL IN MAKING
AGREEMENT MEET ITS MINIMUM REQUIREMENTS. APPARENTLY
EGYPT HAS AGREED SIGN SOME SORT OF BASIC ACCORD, AT
LEAST TO GET GODE UNDER WAY, BUT THEN INTENDS TO PUSH
ITS CASE FOR MORE FORTHCOMING ATTITUDE. WE HAVE NOT

YET BEEN ABLE TO GET REACTION TO MEETINGS OF MAJOR
EGYPTIAN PARTICIPANTS. TONE OF PRESS COVERAGE IS
NOT ENCOURAGING, BUT ON OTHER HAND, SENIOR MFA
OFFICIAL TOLD AMBASSADOR AUGUST 21 HE THOUGHT CAIRO
DAILIES HAD OVERPLAYED PROBLEMS AND THAT PRESIDENT SADAT
HAD BEEN SATISFIED WITH HIS PERTINENT TALKS WITH KING KHALID. HE
PROFESSED TO HAVE NO DETAILS, BUT THOUGHT "SOMETHING SATIS-
FACTORY WILL BE WORKED OUT", WHATEVER THAT MAY MEAN.

6. FOR JIDDA: WE WOULD BE INTERESTED IN ANY INFORMATION
ON REPORTED SADAT/KHALID AGREEMENT RELATING TO
FURTHER ASSISTANCE FOR EGYPT.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, AGREEMENTS, ECONOMIC ASSISTANCE, FINANCIAL STABILITY
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO11243
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760321-0187
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760832/aaaabbbr.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 11178
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by ellisoob>; APPROVED <13 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACCORD BETWEEN EGYPT AND FOUR ARAB STATES ON FINANCIAL ASSISTANCE EXPECTED AUGUST 21
TAGS: EFIN, EAID, EG, XE, GODE, GULF ORG FOR DEVEL OF EGYPT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006